

PX 7

Exhibit A

Telegram ICO

Deal Team [REDACTED]

Overview

Company

Telegram is the encrypted messaging app with ~170M active users, delivering 70B messages a day (October 2017). Telegram is adding 500,000 new users daily.

CEO, Pavel Durov, founded the messaging application along with his brother Nikolai Durov in 2013. Pavel and Nikolai, an award-winning mathematician, started developing Telegram in 2012. Before creating the Telegram Messenger, the two brothers founded VK.com, a social media platform that has been referred to as "Russia's Facebook." The company was highly successful, drawing more than 350 million users. Pavel and Nikolai sold their stake in the company, which had an estimated value of \$3 billion around the start of 2018.

ICO

Telegram is planning to develop the building blocks for a decentralized internet that could eventually power decentralized apps (known as DApps), smart contracts, censorship-proof websites and more. It's being called the Telegram Open Network (TON).

The pitch includes four components:

- Distributed file storage akin to services like Dropbox and ICO company Filecoin
- A proxy service for creating decentralized VPN services and TOR-like secure browsing environments based on the blockchain
- Services for decentralized apps, smart contracts and decentralized web browsing experiences
- Payments for micropayments and peer-to-peer transactions

The company plans to raise \$1.2 billion in total, starting with a \$600 million pre-sale that's strictly for traditional venture capital backers and those inside its executive's close circles. That first stage is running from January to February by invite-only.

Following the pre-sale, the firm plans to hold a public sale in March which will allow retail investors to enter. The public sale is pegged at \$600 million, which would make the overall ICO worth \$1.2 billion.

- 10% held as incentives to develop the platform, including developer incentives
- 4% kept for remunerating the developer team
- 42% retained by the TON Reserve during the initial stages of the project in order to "protect the nascent cryptocurrency from speculative trading and to maintain flexibility at the early stages of the evolution of the system."
- 44% will be tradable

The annual budget of Telegram in 2017 amounted to \$70 million, out of which \$62 million were

spent on equipment, bandwidth, colocation, and user verification costs. Telegram's spending is projected at \$400 million in the next three years (approximately \$100 million in 2018, \$130 million in 2019, and \$170 million in 2020). A total spending of about \$620 million to support continuing organic user growth should allow Telegram to reach one billion active users by January 1, 2022.

Valuation

Each gram is targeting a price of 97 cents in the public offering. The goal is to create 5B tokens, which implies a \$4.85B valuation.

Thesis

- Messaging platforms are becoming central to consumers' everyday lives, and consumers are now accustomed to transacting within messaging platforms. WeChat processed nearly \$80Bn in GMV in 2017. Telegram has the potential to replicate WeChat's success in global markets.
- Given Telegram's global scale (200M+ MAU within Q1 2018), engaged user base and continued growth, this has the potential to be the first truly mass market cryptocurrency.
- Strong technical team that has proven they can build scaled, distributed social systems.



Risks

- Cryptocurrency regulation
- Valuation
- Ability to execute on technical vision
- Ability to diligence white paper claims